

Message Text

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PAGE 01 LISBON 02297 221923Z
ACTION ITC-01

INFO OCT-01 EUR-12 ISO-00 EB-08 COME-00 /022 W
-----230727Z 042971 /12

R 221752Z MAR 77
FM AMEMBASSY LISBON
TO SECSTATE WASHDC 0649

UNCLAS LISBON 2297

E.O. 11652: N/A
TAGS: ETRD, PO
SUBJ: USITC INVESTIGATION OF PROBABLE ECONOMIC EFFECT OF
MODIFYING U.S. TARIFF TREATMENT OF HIGH PRECISION
WATCHES AND THE NEED TO PROTECT A DOMESTIC INDUSTRY

REF: STATE 263360 AND 038009

1. ONLY PORTUGUESE WATCH MANUFACTURER AND EXPORTER WAS TIMEX, OWNED BY NORWEGIAN CITIZEN FRED OLSEN WITH SEPARATE HEAD-QUARTERS IN BERMUDA, NEW YORK AND SCOTLAND. ACCORDING 1976 COMPANY DECISION, TIMEX PORTUGAL CEASED PRODUCING FOR EXPORT AND REDUCED ITS WORK FORCE FROM 1,200 TO 100 EMPLOYEES, BUT CONTINUES TO PRODUCE FOR LOCAL CONSUMPTION. THUS, POSSIBLE U.S. TARIFF MEASURES APPEAR TO HAVE NO EFFECT IN 1977 ON PORTUGUESE EXPORTS. BELOW IS BASIC INFORMATION ON TIMEX.

2. REFTEL PARA. 3.1 FROM 1974-1976 FACTORY REPORTEDLY ASSEMBLED 11,100 CONVENTIONAL WATCHES PER DAY, WITH ANNUAL CAPACITY OF ABOUT 2,200,000 WATCHES. MONTHLY SALES IN 1976 REPORTEDLY WERE 1.6-1.7 MILLION DOLLARS. (NON-CONVENTIONAL AND SOLID STATE MODELS NOT ASSEMBLED IN PORTUGAL). ACCORDING PORTUGUESE TRADE STATISTICS, NO WATCHES EXPORT-ED TO US; ALL WENT TO EUROPE. DATA FOR 1971-1973 NOT AVAILABLE.

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3. REFTEL PARA. 3 AND 6 TIMEX ONLY MANUFACTURER IN PORTUGAL. IT WAS FORMED IN 1969 WITH AN INITIAL CAPITAL INVESTMENT OF \$12,000.00. TOTAL VALUE OF LOCAL COMPANY WAS SUBSEQUENTLY INCREASED, ACCORDING TO TIMEX EXECUTIVES, TO \$60 MILLION BY 1974. ONLY ONE MILLION DOLLARS CAME FROM PORTUGUESE BANKING SYSTEM. TOTAL WATCH INVENTORY VALUE IN 1976 REPORTED AT \$200,000.00. FACTORY NOT A

COMPLETE MANUFACTURING PLANT AS SOME WATCH PARTS ARE IMPORTED AND SOME PARTIALLY ASSEMBLED WATCHES ARE SHIPPED TO OTHER TIMEX FACTORIES IN EUROPE FOR FINAL ASSEMBLY. 1973 WAS THE PEAK EMPLOYMENT PERIOD, WITH 2000 WORKERS ON PAYROLL. DURING NOVEMBER OF THAT YEAR, 70 PERCENT OF THE WORKERS WERE NON-SPECIALIZED; 30 PERCENT WERE MACHINE OPERATORS AND ADMINISTRATORS. NON-SPECIALIZED WORKERS AT THAT TIME EARNED 1,500\$00 (\$60.00) PER MONTH. THIS SALARY WAS INCREASED TO 1,700\$00 (\$68.00) IN DECEMBER 1973 AND TO 2,500\$00 (\$98.00 IN FEBRUARY, 1974. IN JULY 1974, MALE SUPERVISORS WERE EARNING FROM 7,000\$00 TO 9,000\$00 (\$274.00 TO \$355.00) PER MONTH. TIMEX PORTUGAL HAD SERIOUS LABOR DIFFICULTIES WHICH INCLUDED A SIX-WEEK STRIKE IN MID-1974. AT CONCLUSION OF THAT STRIKE, BASIC WAGE FOR MAJORITY OF THE WORKERS ROSE FROM \$98.00 TO \$160.00. LOCAL TIMEX FIRM IN 1976 SOLD SOME 12 PERCENT (ABOUT 700,000 WATCHES) OF ITS PRODUCTION IN PORTUGUESE MARKET.

4. SEE ABOVE REGARDING CHANGE OF STATUS OF TIMEX (RE PARA. 4 REFTEL).

5. INFORMATION RE PARA. 5 REFTEL AS FOLLOWS:

CAT.	TARIFF FOR US EEC	TARIFF FOR OTHER EFTA
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91.01 POCKET-WATCHES,
WRIST WATCHES
.01 OF GOLD OR
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PLATINUM	EACH 500 ESC.	100 ESC.	FREE
.02 OF SILVER	EACH 70 ESC.	14 ESC.	FREE
.03 GILT OR OF			
ROLLED GOLD	EACH 72 ESC.	14.04 ESC.	FREE
.04 NOT SPECIFIED	EACH 36 ESC.	7.20 ESC.	FREE

(EFTA INCLUDES U.K. AND DENMARK).

6. RE. PARA. 7: IT IS DOUBTFUL THAT FULL-SCALE DOMESTIC WATCH MANUFACTURING INDUSTRY WILL BE ESTABLISHED IN SHORT RUN.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: REPORTS, INDUSTRY, WATCHES, TARIFFS, PRODUCTION DATA
Control Number: n/a
Copy: SINGLE
Sent Date: 22-Mar-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: n/a
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment:
Disposition Date: 01-Jan-1960 12:00:00 am
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
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Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
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Format: TEL
From: LISBON
Handling Restrictions: n/a
Image Path:
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Legacy Key: link1977/newtext/t19770336/aaaabepz.tel
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Office: ACTION ITC
Original Classification: UNCLASSIFIED
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Reference: 77 STATE 263360
Retention: 0
Review Action: RELEASED, APPROVED
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Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3037327
Secure: OPEN
Status: NATIVE
Subject: USITC INVESTIGATION OF PROBABLE ECONOMIC EFFECT OF MODIFYING U.S. TARIFF TREATMENT OF HIGH PRECISION WATCHES AND THE NEED TO PROTECT A DOMESTIC INDUSTRY
TAGS: ETRD, PO, TIMEX PORTUGAL
To: STATE
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